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Interview: Dean Kleckner

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## 'Farmer's representative' backs food cartel's free trade policy

*Dean Kleckner, president of the American Farm Bureau Federation, was interviewed by EIR Agriculture Editor Marcia Merry on Dec. 6, 1988 in Montreal, where Mr. Kleckner was present for the Mid-Term Review Round of the General Agreement on Tariffs and Trade (GATT).*

**EIR:** Now in process of formation are giant free trade zones, such as Europe 1992, the new Canada-U.S. Free Trade Agreement, and the new Australia-New Zealand 1990. Many fear that there will be consolidation of market control by a certain very few companies.

**Kleckner:** Well, it's a potential problem, it seems to me, though I'm not that concerned at this point. I'm always concerned with monopoly, and at some point, there is a monopoly, or we're moving well toward it, any time you have a lack of competition—and different people see that differently—it *is* becoming more concentrated, and it *is* becoming worrisome to farmers in the United States. I'm not sure whether we'll see a new bilateral agreement, like the U.S.-Canada agreement, and of course 1992 in Europe. I'm not sure how that will play out. I think the more we go to freer trade, the better it will be for farmers and everybody in the long run. There could be some short-term problems for certain sectors, but long-term, freer trade just means a better economy, and it's better for everyone.

. . . There will always be problems. Sometimes we can't foresee what they will be, but there are always problems with change. And human nature being what it is, we're not very adaptable to change. We do change, because everything is changing, nothing is constant—but change worries us—farmers no more and probably no less than anybody else. We'll just have to adapt to it.

I think on these trade talks that we're having right now, it's hopeless, it's foolish, to put obstacles in the way. These things are going to happen: We're moving toward freer trade in the world. I think agriculture ought to be doing what we're doing now—we ought to be involved with it, and helping to shape it, so that it will be something that we can more easily live with, rather than saying, "We don't like it, we're not going to participate, let's set up as many roadblocks as we can"—and they will just go around us, we'll be isolated. That's not the proper way to do it.

**EIR:** U.S. dairy product surpluses have run out and the government has discontinued free distribution of milk and cheese products. The milk producers have called for a national debate on what level milk stocks ought to be at. In that light, the U.S. food security proposal at GATT said that we should not have "self-sufficiency" be the criterion for "food security" for any nation, but rather "access to the markets," the "ability to store."

**Kleckner:** Well, I certainly agree that we ought to ban the phrase "self-sufficiency." It just doesn't fit in with free markets and with adequate supplies. And certainly it *does* fit in with surpluses. The European Community has proven that—you go right beyond self-sufficiency i so we then have the trade distortion. So food security *is* something different.

In the matter of milk in our country, I don't have the concern—there *will* be adequate milk and milk products, if the price is there and the incentive to produce. And I think that the market system is dictating that right now. We're having dairy farmers in some parts of the United States now receiving above the loan rate for their milk, because there is a demand for it. I don't have the concern either, that our excessive supplies are going down, so that we don't have the amounts of powder or butter, or whatever it is, that we've given away in the past. . . . If that's a policy, then it can be bought on the market—it doesn't need to be surplus disposal!

So I would say, it never hurts to have a national debate on what the right amount ought to be, whether that's 5 billion pounds or 3 billion or 7 billion. . . . But don't be so concerned that that amount should be raised or else the giveaways will stop or vanish. That doesn't necessarily need to be true. As I said, it can be purchased from the market. Let's buy it from the market, and have the market system work! Dairy farmers will respond to that.

**EIR:** There are huge flows of food being committed from Western nations to the Soviets through bilateral deals, from France, New Zealand, and the United States. And Australia is now negotiating a commodities pact. What are your views on this process?

**Kleckner:** I don't know what the Australian-Soviet pact will mean, if anything, any different from any of the other bilat-

eral pacts. Of course, we do have a bilateral pact, a long-term agreement with the Russians, and we are now renegotiating if we can for another period of years. I think, too often, though, American farmers, and maybe world farmers, forget that trade goes on even without these bilateral pacts, or multilateral pacts. They buy from us, we buy from them, so trade does go on, and you don't need these pacts to have trade. What it does, apparently, is to add a little certainty to it: There are minimums and maximums that can be purchased, and certainly from the U.S. and the Soviet pact, the minimums that are set are there so that we know they *will* be buying that much year after year, and we can plan accordingly.

I don't see a lot wrong with that—but on the other hand, it's not going to be the savior of the world, because it probably, in the end, won't affect trade all that much. It would have gone on anyway, and over a period of five years, I'm not so sure that those pacts mean any more trade. It may smooth it out a little bit from year to year, and probably that's beneficial.

**EIR:** There is concern that the bickering and possible trade war over beef hormones between the United States and the European Community is in fact straining NATO. This is really to the benefit of the Soviet Union.

**Kleckner:** I would prefer to have the Western connections strong, and a lack of trade war, or freer trade. Of course, that's the purpose of the exercise in the GATT negotiations: to move toward freer trade and less restrictions and more open borders, and so forth, and it's slowly becoming that way. But frankly, the problem is that there is some excess production in the world, in the Western world—we have a more capitalistic society in the West, so that leads to better production, it leads to more. And so we have things that we need to sell, and the truth of the matter is, we're fighting each other in the West, because we're subsidizing exports. And the beneficiaries of that are the countries that import, that need to import, Russia being one of them—that's the big one that we look at—but there are other ones also.

Through the GATT, of course, we are trying to reduce those barriers. But I would guess that we're still going to have more produced in the Western world than the Western world will consume—and there is nothing wrong with that; I am for that. I am for production, and then using the markets to sell. So, Russia will be the beneficiary of our production. Hopefully, we can get away from subsidizing exports, both the United States and the EC and other countries that do it.

**EIR:** The United Nations has called for a 13% increase in the world output of cereals. Even the grain trade people in London, who follow soybeans and so forth, say that we're going to have record low stocks.

**Kleckner:** Well, certainly the United States is responding to market conditions—I mean the price: The stocks were

low, so the prices rose. That was the market system at work, that's supply and demand.

**EIR:** There's also concern that farmers who do want to plant or increase output for 1989, won't have access to the credit they need. What do you think of that?

**Kleckner:** I'd be very surprised if that happened. I think there is going to be adequate credit there. There frankly always is enough credit, for those who show that they can pay it back. And most farmers now are in that position—there aren't a lot that have a real credit crunch, or a real financial crunch. There are some, but there always are some. There will be credit available. It may cost a little bit more, but that has virtually nothing to do with farming and farmers. The credit, and the interest rates, are really set worldwide now, and so interest rates are tending to go up right now. I'm in the minority, but I think that that's not going to continue; I would look for interest rates to be falling—maybe not in 1989, but the long-term trend of interest rates, I believe, is down, and not up.

**EIR:** The Department of Agriculture computed “production subsidy measurements,” for use in making proposals on cutting subsidies. For the United States the dairy and sugar sectors are singled out for big cuts.

**Kleckner:** Well, those two commodities are always pointed at by the rest of the world, as they point the finger at the United States and say, “You're not really white either.” And we recognize that, we admit it. I say, “Certainly, the United States is not really white”—and it's not just dairy and sugar. We have other forms of protectionism in the U.S., but those two are singled out, it seems to me. And they're more worried than over the rest of our commodities, frankly, because . . . I think they *have* some more protectionism than some other commodities. . . .

Dairymen that talk to me say, “How can we compete with New Zealand, when they can produce milk for \$4, \$5, or \$6 a hundred [pounds of milk]?” I say, “I don't think we can, I don't think there's a farmer in the United States who could produce milk for that, but don't *worry* about New Zealand! They could fill New Zealand with cows, and it still wouldn't affect the world market that much! They're not that major a producer.”

In the rest of the world, though, U.S. producers are efficient enough that we can compete, if the playing field is level. So I say to U.S. dairymen, “Don't get all that shook up!” Efficient and productive U.S. sugar producers will compete in a world market, again, where the rules are fair and the playing field is level. . . . The problems that our farmers have, are the same as the problems of farmers in the rest of the world: They don't know what the future holds, so they are concerned about it, and that leads to negative comments and negative thoughts, because they don't have the certainty that they are used to right now.